



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	SB0242	<b>Title:</b>	Revise antiquated boiler regulations regarding inspections, fees, licenses
<b>Primary Sponsor:</b>	Balyeat, Joe	<b>Status:</b>	As Amended

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
State Special Revenue	(\$128,361)	(\$129,161)	(\$129,161)	(\$129,161)
<b>Revenue:</b>				
State Special Revenue	(\$132,496)	(\$132,496)	(\$132,496)	(\$132,496)
<b>Net Impact-General Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### Description of fiscal impact:

The reduction in expenditures is associated with eliminating staff to perform safety inspections and certifications on some boilers. The reduction in state special revenue is associated with eliminating those operations and license functions.

### FISCAL ANALYSIS

#### Assumptions:

#### Boiler Safety Program – Inspection and Certification

- As amended, SB 242 exempts the following boilers from department and insurance company inspection: 940 school boilers; 9 day care boilers; 131 hospital boilers; 108 nursing home boilers; 36 retirement center boilers; 1,236 public assembly boilers; 224 church boilers; and 849 boilers located in hotels, theaters, apartment buildings, courthouses, health clubs, airports, libraries, and other public businesses. The total number of exempted boilers will be 3,533 (2,190 inspected by state inspectors, 1,343 inspected by private insurance inspectors).
- The department would perform approximately 1,945 safety inspections on boilers, 2,190 fewer than the 4,135 projected for each year of the 2011 biennium. The department would issue 4,548 operating certificates, 3,497 fewer than the 8,045 projected for each year of the 2011 biennium.
- The department would receive \$224,393 in revenue in each year of the 2011 biennium as follows:  
 $1,011 \times \$35 = \$ 35,385$  hot water supply inspection revenues;

868 X \$50 = \$ 43,400 process boiler inspection revenues;  
 66 X \$70 = \$ 4,620 power boiler inspection revenues; and  
 4,548 X \$31 = \$140,988 operator certificate revenues.

4. In FY 2008, the department received \$299,739 in revenues. The estimated decrease in revenue for the boiler safety program will be (\$75,346) for each year of the biennium.
5. The department would reduce the number of boiler inspectors by 2.00 FTE (currently 4.00 FTE) due to decreased workload. The total expenditure reduction attributable to the reduction of personal services for two building inspectors is \$104,435 in FY 2010 and \$105,235 in FY 2011.
6. Non personal service expense savings would be \$23,926 for each year of the biennium.

#### **Boiler Operator Licensing Program**

7. The department currently issues potentially 3,632 boiler operating licenses at \$45 each totaling \$163,440.
8. As amended SB 242 would exempt approximately 1,270 boiler operators from licensure. Revenues that would be received from the remaining 2,362 licenses would be \$106,290 (2,362 x \$45). The net decrease in revenue for the boiler licensing program would be (\$57,150) for each year of the 2011 biennium.

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
FTE	(2.00)	(2.00)	(2.00)	(2.00)
<b><u>Expenditures:</u></b>				
Personal Services	(\$104,435)	(\$105,235)	(\$105,235)	(\$105,235)
Operating Expenses	(\$23,926)	(\$23,926)	(\$23,926)	(\$23,926)
<b>TOTAL Expenditures</b>	<b>(\$128,361)</b>	<b>(\$129,161)</b>	<b>(\$129,161)</b>	<b>(\$129,161)</b>
<b><u>Funding of Expenditures:</u></b>				
State Special Revenue (02)	(\$128,361)	(\$129,161)	(\$129,161)	(\$129,161)
<b>TOTAL Funding of Exp.</b>	<b>(\$128,361)</b>	<b>(\$129,161)</b>	<b>(\$129,161)</b>	<b>(\$129,161)</b>
<b><u>Revenues:</u></b>				
State Special Revenue (02)	(\$132,496)	(\$132,496)	(\$132,496)	(\$132,496)
<b>TOTAL Revenues</b>	<b>(\$132,496)</b>	<b>(\$132,496)</b>	<b>(\$132,496)</b>	<b>(\$132,496)</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
State Special Revenue (02)	(\$4,135)	(\$3,335)	(\$3,335)	(\$3,335)

#### **Technical Notes:**

1. Title 50, Chapter 74, Section 219, MCA, sets boiler inspection fees. SB 242 has no provision to increase boiler inspection fees to be commensurate with costs associated with the remaining program. Statutory fee increases are necessary to implement SB 242.

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 Sponsor's Initials

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 Date

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 Budget Director's Initials

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 Date